September 21, 2005

Ms. Alison Silverstein
Mr. Joe Eto

RESPONSE OF KANSAS CITY POWER & LIGHT COMPANY
TO
QUESTIONS FOR SHAREHOLDERS

Dear Ms. Silverstein and Mr. Edo:

This document is the response of Kansas City Power & Light Company to the Energy Policy Act of 2005, Section 1234, Economic Dispatch Study, Questions for Stakeholders.

Hank Koegel from KCPL's Power Sales & Services group will be available to handle any requests for clarification or additional information. Mr. Koegel can be reached via telephone at 816-556-2031 or by e-mail at Hank.Koegel@kcpl.com.

Questions

1) What are the procedures now used in your region for economic dispatch?

ANSWER: The KCPL units are dispatched by a KCPL system operator. The operator dispatches KCPL units based on the concept of most economical dispatch possible taking into account generation and transmission limitations and the cost of power available on the wholesale market. This method of dispatching often results in KCPL purchasing wholesale power, generally in the day ahead or hourly market, rather than running higher cost units. KCPL is a member of SPP. SPP is scheduled to open an energy imbalance market May 1, 2006. It is possible that the implementation of the new market will result in SPP dispatching some or all of KCPL's generating assets.

Who is performing the dispatch?

ANSWER: KCPL performs dispatch of its own units. With the exception of a few municipalities and some small generators, there are no other generation assets within KCPL's service territory.

How large a geographic area?

ANSWER: KCPL's service territory includes all or parts of 24 counties in western Missouri and eastern Kansas.

How large is the MW load?

ANSWER: KCPL's peak load during calendar year 2006 has been 3,512 MW. It is not anticipated that this peak will be exceeded in the remainder of the year. KCPL's all-time peak load is 3,610 MW.

What is the total of generating assets available for dispatch?

ANSWER: KCPL's system operators have 4,100 MW of generating capacity available for dispatch.

How many retail customers are within the dispatch area?

ANSWER: KCPL has 490,000 retail customers.

2) Is the Act's definition of economic dispatch appropriate?

ANSWER: KCPL believes that the definition is appropriate in that it recognizes that reliability and operational limitations must be considered in dispatching units.

Over what geographic scale or area should economic dispatch be practiced?

ANSWER: KCPL believes that there is no one answer to this question. The answer will vary depending on the limitations of the transmission systems and generation assets in any given region.

Besides cost and reliability, are there other factors, or considerations that should be considered in economic dispatch, and why:

ANSWER: It is unclear to KCPL what is meant by the term "reliability" as used in this question.

Beyond economics many factors must be considered when dispatching units. Among those factors are voltage support, operating reserves, fuel

conservation, transmission constraints, ramp rates, environmental requirements, green power, and maintenance and operating needs.

Voltage support is necessary for power to be transported. There are times when real power output at low cost units must be reduced or higher cost units must be started in order to produce vars to maintain the integrity of the grid. Operating reserves are a necessary component of the grid, yet maintaining the proper level of reserves can result in the operation of units that could be considered uneconomical. As a regulated utility, KCPL's first priority is to provide electricity to its native load customers at the lowest price possible. In order to provide this to its retail customers, it is sometimes necessary to conserve fuel at low cost units by operating at less than full capacity. Transmission constraints can cause dispatch of higher cost units (re-dispatch) when such re-dispatch will alleviate such constraints. When quick responses to unforeseen load shifts are necessary, ramp rates of the generation units may require short-term responses from more costly units until the less costly units can ramp up to cover the full load requirements. Environmental constraints may limit the length and times of operation of units. Green power, such as wind, may be required as a percentage of generation by the states or by demand from the retail or even wholesale customers. Maintenance and operating are self-explanatory.

3) How do economic dispatch procedures differ for different classes of generation, including utility-owned versus non-utility owned generation?

ANSWER: KCPL does not have experience with "different classes of generation." However, KCPL is of the opinion, that for the most part, "different classes of generation" should be required to meet the same operating and system requirements. All classes of generation should equally be required to be available for reserve sharing, voltage support, re-dispatch and daily dispatch, and other similar system requirement. Additionally, KCPL operates in Kansas and Missouri, both of whom have fully regulated retail markets. As such, KCPL has an obligation to utilize the capital assets of the corporation that are included in the rate base to the best advantage of the retail customers. This obligation could, on occasion, require a dispatch order that some may not consider "economic" based on the short-term but that may prove economic to the retail customer in the long run.

Do actual operational practices differ from the formal procedures required under tariff or federal or state rules, or from the economic dispatch definition above? If there is a difference, please indicate what the difference is, how often this occurs, and its impacts upon non-utility generation and upon retail electricity users. If you have specific analyses or studies that document your position, please provide them.

ANSWER: As indicated above KCPL has very limited experience with dispatching non-utility generation.

4) What changes in economic dispatch procedures would lead to more non-utility generator dispatch? If you think that changes are needed to current economic dispatch participation by non-utility generators, please explain the changes you recommend.

ANSWER: KCPL has very limited experience with dispatching non-utility generation and has no suggestions as to changes.

5) If economic dispatch caused greater dispatch and use of non-utility generation, what effects might this have – on the grid, on the mix of energy and capacity available to retail customers, to energy prices and costs, to environmental emissions, or other impacts? How would this affect retail customers in particular states or nationwide? If you have specific analyses to support your position, please provide them to us.

ANSWER: KCPL is a member of Edison Electric Institute and has reviewed the response of EEI to this question. KCPL is in agreement with the EEI response. KCPL is a member of Southwest Power Pool RTO which is currently developing an energy market that will include more centralized dispatch based, in the main, on economics.

6) Could there be any implications for grid reliability – positive or negative – from greater use of economic dispatch? If so, how should economic dispatch be modified or enhanced to protect reliability?

ANSWER: KCPL is in agreement with the EEI response. KCPL reiterates that all generation should be required to provide ancillary services as a prerequisite to being included in the dispatch queue.